STAFF REPORT
ACTION REQUIRED

Economic Dashboard

Date:	September 29, 2015
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture
Wards:	All
Reference Number:	

SUMMARY

This report updates the Toronto Economic Dashboard. It provides a summary of the most recent data available at the time this report was prepared for key economic indicators benchmarking the city's economic performance.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council receive this report for information.

Financial Impact

There are no financial implications resulting from this report.

DECISION HISTORY

At the January 28, 2011 meeting of the Economic Development Committee (EDC), staff made a presentation providing an overview of various trends and issues affecting Toronto's economy. After discussion among the committee members, the Committee Chair requested staff to submit a report updating the key indices that benchmark Toronto's economic health at each subsequent EDC meeting.

COMMENTS

The first section of this report provides an overview of recent developments in the global economy, with a focus on Canada, Ontario and Toronto.

The second section highlights the results of a recent comprehensive study of 18 natural and man-made risks on the economic output of over 300 major city regions around the world. Toronto is ranked the least risky city region in the world.
http://www.lloyds.com/cityriskindex/

The final section of the report summarizes major local economic indicators, including labour market metrics, building activity, office and housing market updates and retail sales.

Global Economy

Economic growth rates are typically expressed as the change in Gross Domestic Product (GDP). In this report we express GDP growth rates in "real" terms, which means that the growth rates have been adjusted for inflation. Quarterly growth rates are expressed at annual rates, i.e. the annual rate that would be achieved, if the quarterly growth rate were maintained for four quarters.

The Organisation for Economic Co-operation and Development's (OECD) Interim Economic Outlook was released on September 16, 2015, downgrading their global growth forecast for 2015 and 2016 compared to their last forecast in June 2015. Global growth rates are now expected to slow from an estimated 3.3% in 2014 to 3.0% in 2015 and then rebound to 3.6% in 2016.

Table 1: Global Economic Growth

	Annual Real GDP Growth Rate				
	2014	2015		2016	
		September 2015 Projections	Difference from June Projections	September 2015 Projections	Difference from June Projections
Canada	2.4%	1.1%	-0.4%	2.1%	-0.2%
United States	2.4%	2.4%	0.4%	2.6%	-0.2%
Euro Area	0.9%	1.6%	0.1%	1.9%	-0.2%
China	7.4%	6.7%	-0.1%	6.5%	-0.2%
Japan	-0.1%	0.6%	-0.1%	1.2%	-0.2%
World	3.3%	3.0%	-0.1%	3.6%	-0.2%
Source: OECD, September Interim Economic Outlook					

The OECD notes that 2015 is expected to be the fifth consecutive year of declining global growth rates:

> Global growth prospects have weakened slightly and become less clear in recent months. World trade growth has stagnated and financial conditions have deteriorated. The recovery is nonetheless progressing in advanced economies, but the outlook has worsened further for many emerging market economies (EMEs). http://www.oecd.org/eco/outlook/Interim%20EO%20handout%20Sep%202015.pdf

The August Markit Global Sector Purchasing Managers' Index (PMI) showed a divergence between the service and goods producing sectors, with growth being driven by the service sector and manufacturing expanding at a lower rate. The strongest global growth sector in August was commercial and professional services, followed closely by software and services, tourism and recreation, as well as pharmaceuticals and biotechnology. The largest decline was for automobiles and auto parts, followed by media and the metals and mining sector, which also registered a drop in output. http://www.markiteconomics.com/Survey/PressRelease.mvc/e64e44d0c6464caf97c3eea500f1ed14

The August J.P.Morgan Global Manufacturing PMI expanded for the thirty-third month in a row. However, the rate of growth was the lowest since April 2013, which was mostly explained by the slowdown in emerging markets. The Czech Republic, Italy, Spain and Germany had the highest rates of output growth; while output shrank in China, France, Taiwan, South Korea, Indonesia, Malaysia, Russia, Greece and Brazil.

According to David Hensley, Director of Global Economic Coordination at J.P.Morgan, the "August PMI surveys suggest that conditions in the global manufacturing sector remain relatively lacklustre, with growth staying stubbornly below its long-run trend and jobs growth slowing to near-stagnation. Price inflationary pressures are also muted, with input costs and selling prices showing little change during the month." http://www.markiteconomics.com/Survey/PressRelease.mvc/00eaa4febc0048e288c70bb1ddbd837e

United States

The US economy grew by 2.4% in 2014. Consumption, which has been the main driver of growth in the US, has been supported by employment and lower oil prices. The pace of improvement in the US economy slowed in 2015q1, when US GDP increased only marginally (0.6% at annualized rates). After the soft first quarter, real GDP is estimated to have increased at an annual rate of 3.7% in 2015q2. http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

The August Markit U.S. Composite PMI Output Index expanded robustly (55.7) [1] , which was mostly due to a strong service sector expansion (56.1), while manufacturing growth declined slightly to 53.0 in August from 53.8 in July. According to Chris Williamson, Chief Economist at Markit, “the US economy is enjoying a solid third quarter, with robust survey readings so far pointing to 2.5% annualised GDP growth." http://www.markiteconomics.com/Survey/PressRelease.mvc/80604a192fb9420c8e3d587bcf1ce6df

On the other hand, the University of Michigan U.S. consumer confidence index dropped to 85.7 in September from 91.9 in August, which was the largest one month decline since the end of 2012. Such a significant decline in consumer confidence may negatively impact personal consumption, which has been a key driver of recent economic growth. http://www.bloomberg.com/news/articles/2015-09-11/consumer-sentiment-in-u-s-declines-to-lowest-level-in-a-year

Europe

Real growth rates in Europe are expected to increase from approximately one percent in 2014 to about two percent by 2016; however, the OECD cautions that while:

> Growth in the euro area as a whole is improving, the recovery remains less advanced than in the United States. Unemployment remains high and underlying domestic price pressures are weak. The increase in euro area growth rates this year (and especially the unexpectedly strong growth in some of the countries hardest-hit by the crisis) is encouraging, but less than would have been hoped given the tailwinds from lower oil prices, a weaker euro and lower long-term interest rates.

Europe is also currently facing a large influx of refugees from Syria. Almost half a million Syrian refugees have made their way to Europe in the last four years. However, to put this number in perspective, Turkey, Lebanon and Jordan between them have accommodated over four million Syrian refugees since the refugee crisis exploded in 2011.

The August Markit Eurozone Composite PMI Output Index expanded to 54.3 from 53.9 in July, confirming that the Eurozone economy is recovering. The increase was supported by higher growth in both the manufacturing and service sectors. Job creation rose to one of the highest levels over the past four years. http://www.markiteconomics.com/Survey//PressRelease.mvc/c6996a1705e6410f9b88b71c3949edbb

[1] a reading above 50 indicates an overall increase in that variable, whereas a reading below 50 indicates an overall decrease

Oil Prices

In June 2008 oil prices peaked at $136 per barrel (monthly averages for West Texas Intermediate (WTI) oil in Canadian dollars). Over the next six months prices crashed, reaching a monthly low of $49 at the beginning of 2009. Oil prices, however, recovered fairly quickly after this event. By the end of 2009, oil prices were back to approximately $80 (in Canadian dollars). Oil prices continued to rise, reaching a peak of $115 in June 2014. Over the next seven months oil prices again crashed to $57, where they have languished ever since. Note that these prices are for WTI oil expressed in Canadian dollars; the depreciation of the Canadian dollar over the last year (from .92 US to .76 US) has partly mitigated the decline in oil prices.

The consensus forecast for oil prices has been trending lower over the last six months as it has become evident that prices are not going to recover as rapidly as they did in 2009. Global production is expected to exceed consumption in 2015 and 2016, according to the US Energy Information Administration (EIA). Demand for oil in China is growing at half of the rate is was over the last decade. Iran is a major oil producer, and it now appears that economic sanctions against Iran may be lifted as early as December 2015.

It is not only the price of oil that has declined significantly over the past few months. The Standard & Poors Goldman Sachs Commodities Index (which comprises 24 commodities from all commodity sub-sectors, such as energy products, industrial metals, agricultural and livestock products as well as precious metals) has been consistently underperforming over the past few months. The Bloomberg commodity index has declined by more than 40% since September 2011.

As a consequence, commodities producing countries such as Canada have experienced a substantial slowdown in their economic fortunes.

Canada

The Bank of Canada's (BOC) July 2015 Monetary Policy Report downgraded the Bank's expected Canadian growth rate for 2015, which is now projected to be 1.1% for the year. The downgrade is related to a substantial deterioration in net exports during the first half of the year, as well as a decline in business capital investment resulting from the massive reduction in capital expenditures in the oil and gas development sector.

The University of Toronto Policy and Economic Analysis Program (PEAP) also downgraded Canada's annual GDP growth for 2015. Their September report forecasts a rate of 1.2%, reduced due to weak growth in the beginning of 2015. Canadian real GDP declined (-0.8% at annualized rates) in 2015q1 and by another 0.4% (at annualized rates) in 2015q2, meeting the technical definition of a recession.

Largely because of falling commodity prices, in 2014 the Canadian dollar depreciated by 8% compared to the US dollar, following annual depreciation of 7.4% in 2013. This trend continued into 2015, especially after the BOC lowered the overnight interest rate target twice, from 1% to 0.5%.

The RBC Canadian Manufacturing PMI contracted marginally in August (49.4), which was the lowest reading since May. Worryingly, employment declined "at the joint-fastest rate since the survey began in October 2010." http://www.markiteconomics.com/Survey/PressRelease.mvc/c7c723ae7f1a405684ae6004cf119642

According to the Economist, some reasons why the manufacturing sector has not rebounded strongly to the weaker Canadian dollar include the following:

- The emphasis of Canadian production on components rather than final products, which exposes manufacturers to customer relocation as was the case with auto makers moving to the southern US states from Michigan
- Input cost inflation due to depreciating Canadian dollar and high electricity prices in Ontario
- Relatively high labour costs

The Economist suggests that harmonizing regulation between Canada and the US, improving border crossings, and making higher value products would help the sector. http://www.economist.com/news/americas/21662567-puzzling-weakness-manufacturing-new-rustbelt

Ontario

Economic growth rates are also slowing in Ontario, though not as sharply as elsewhere in Canada. PEAP downgraded Ontario's annual GDP growth rate forecast for 2015 to 1.6% in July compared to 2.3% in the May outlook and 2.8% in the February outlook. PEAP expects that Ontario's growth rate will pick up in 2016 to 2.6%, which is higher than the projected national rate of 2.4%.

Toronto Region

Statistics Canada does not produce sub-provincial GDP estimates, but the City has three private-sector forecasts for GDP for the Toronto Census Metropolitan Area (CMA): Conference Board of Canada, Oxford Economics and Moody's. They each use different methodologies; therefore, not only do the three forecasts differ, but the three historical series are also slightly different.

On September 9, Moody's released its most recent outlook for the Toronto CMA, which projects that the local economy will grow by 2.6% in 2015 and 3.3% in 2016.

Oxford Economics downgraded its economic growth forecast for 2015 from 2.8% to 2.3% in their June 30, 2015 data release; however they also upgraded the anticipated economic growth forecast for 2016 to 3.1% from 2.6%.

The Conference Board of Canada downgraded its economic growth estimates for 2015 from 3.1% to 2.6% in their August 8 forecast. It also forecasts that the economy will grow by 2.8% in 2016.

Using the average of the three forecasts, the economy of the Toronto region is estimated to have grown by 2.8% in 2014, and it is expected that the Toronto region will grow by 2.5% in 2015 and 3.0% in 2016.

Although the Toronto economy has slowed, it is expected to outperform the national economy due to Toronto's lower exposure to the natural resource sector. This summer's Pan Am and Parapan Am Games also provided a timely boost to economic growth with associated increases in economic activity due to higher construction, visitor and operational spending, all of which have a positive impact on GDP.

Risk Exposure of Global City Regions

Toronto is the least risk-exposed major city region in the world, according to a recent comprehensive study sponsored by Lloyd's of London, based on original research by the Centre for Risk Studies at the University of Cambridge.
http://www.lloyds.com/cityriskindex/

Lloyd's City Risk Index 2015-2025 ranks 301 of the largest global city regions, based on their exposure to 18 natural and manmade threats, as a percentage of their average annual GDP. With only 5.82% of average annual GDP at risk, Toronto is two to five percentage points less risk-exposed than most of its major competitors in North America and in Europe.

Risk Exposure Methodology

Lloyd's of London is the oldest continuously active insurance marketplace in the world. Lloyd’s itself does not underwrite insurance business; however, it manages and regulates the marketplace on behalf of its members.

The Cambridge Centre for Risk Studies was established in 2009 at the University of Cambridge’s Judge Business School with a mandate to “advance the areas of science that inform the decisions made by government policy-makers, company risk managers, and other institutions and individuals that are faced with risks of low probability and high consequence.”

The University of Cambridge selected 301 of the largest city-regions in the world, including all city-regions with a population over 3 million as well as the largest cities in the 50 largest economies in the world. Together these 301 cities produce roughly half of the world’s output is 2015, which is expected to rise to two-thirds of the total by 2025.

Researchers identified 18 threats that pose a significant risk to economic development globally, based on data analysis and event precedents. According to the study, three “risks” represent roughly three quarters of the total risk in Toronto. The top three threats are market crash, cyber attack, and human pandemic. “Market crash” refers to the potential for a stock market crash, such as the sub-prime crisis in 2008 or the dot-com bubble in 1999. http://cambridgeriskframework.com/getdocument/25

The percentages “at-risk” are based on the probability of an event multiplied by its expected impact over five years, and these amounts have been stated as a percentage of the total annual GDP generated in that city-region.

Risk Exposure Results

Toronto's limited risk exposure is an important advantage over economic competitors in North America and globally. The average risk exposure of the 35 US and Canadian city regions studied by Lloyd’s (as a percentage of annual GDP) is 8.02%, with New York and Chicago ranked at 9.04% and 8.22% respectively. Canadian cities generally have lower risk exposure – the five city regions least at risk after Toronto are Montreal (6.20%), Vancouver (6.31%), Ottawa (6.57%), Calgary (6.77%), and Edmonton (6.84%).

Chart 1: City Region Risk in North American Cities

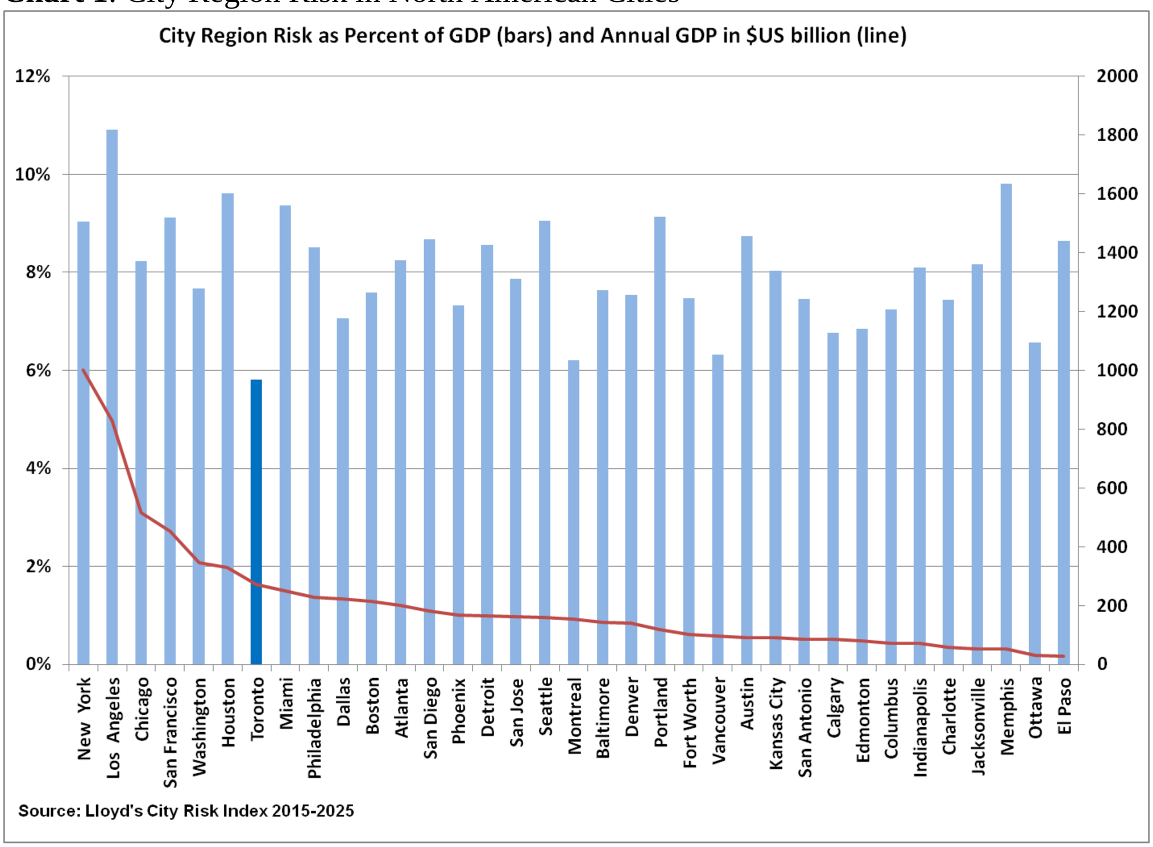
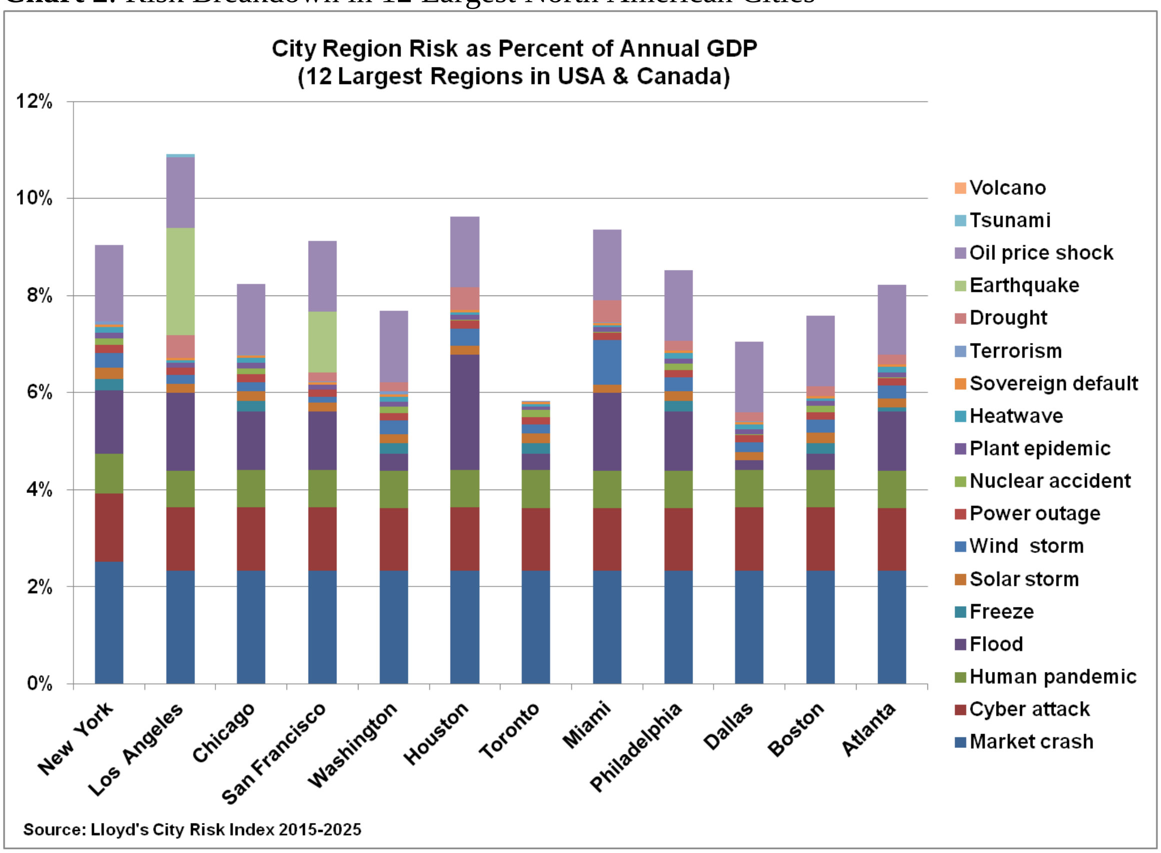


Chart 2 shows how risk levels differ across the 12 largest city regions in Canada and the United States, by each of the 18 threats quantified in Lloyd's City Risk Index. Toronto's low risk exposure in the North American context is largely the result of lower exposure to oil price shocks and natural disasters.

Since Canada is a net exporter of oil, Canadian cities are considered to be less susceptible to oil prices shocks than cities in countries that import oil. Toronto's geography in a temperate, non-coastal region away from major fault lines reduces the threats of droughts, floods and earthquakes, which are faced by higher risk North American city regions such as Los Angeles (10.91%), Houston (9.62%), and Miami (9.36%).

Almost all Canadian and U.S. city regions have similar levels of exposure to the impacts of a market crash or cyber attack, which is a consequence of the interconnectedness of the North American economy and technological networks. These two threats alone compose over 60% of Toronto's total risk exposure.

Chart 2: Risk Breakdown in 12 Largest North American Cities



Comparing Toronto's risk exposure to those of other major global financial centres puts Toronto in an even more favourable light. The top five global financial centres as identified by the Global Financial Centres (GFC) Index 18 (London, New York, Hong Kong, Singapore and Tokyo) all have risk exposure levels over 8%, and Asian cities face significant threats from a range of natural disasters such as wind storms, volcanoes, earthquakes and droughts. http://www.longfinance.net/images/GFCI18_23Sep2015.pdf

Chart 3: Risk Breakdown in Top 15 Global Financial Centres

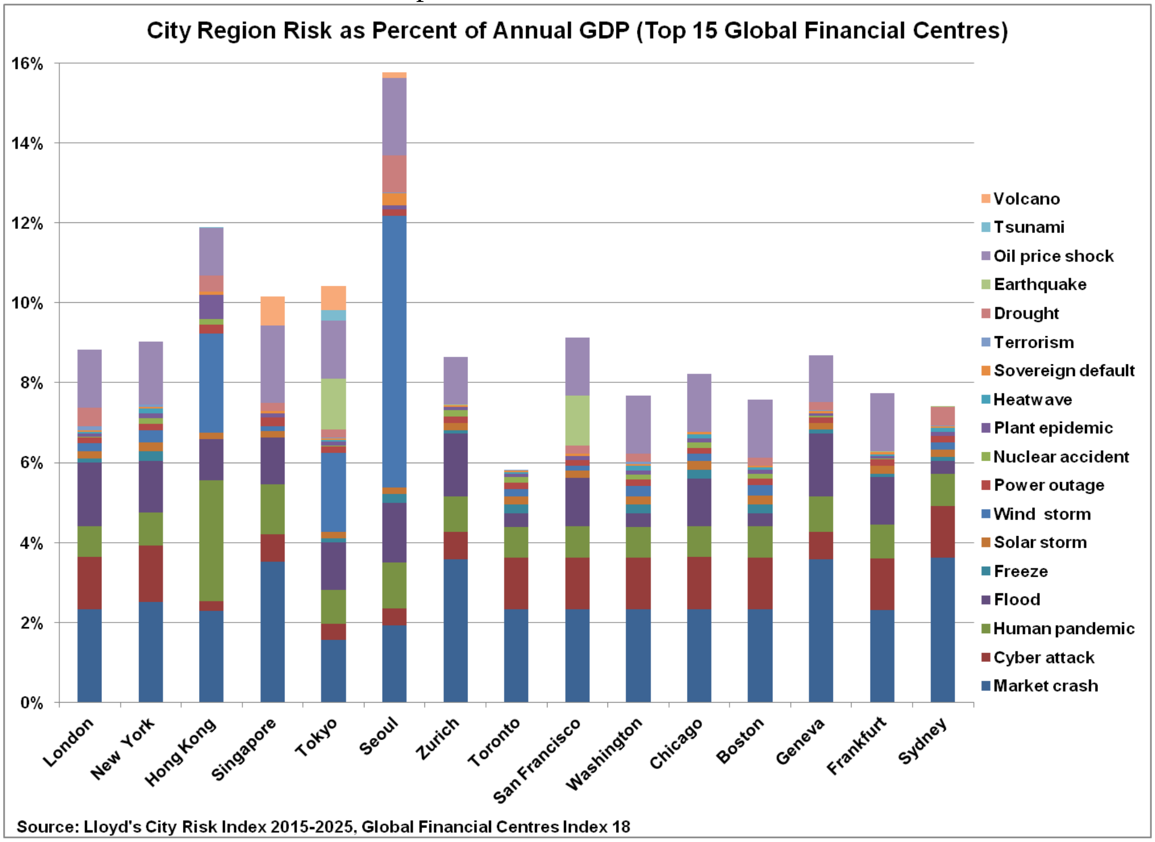
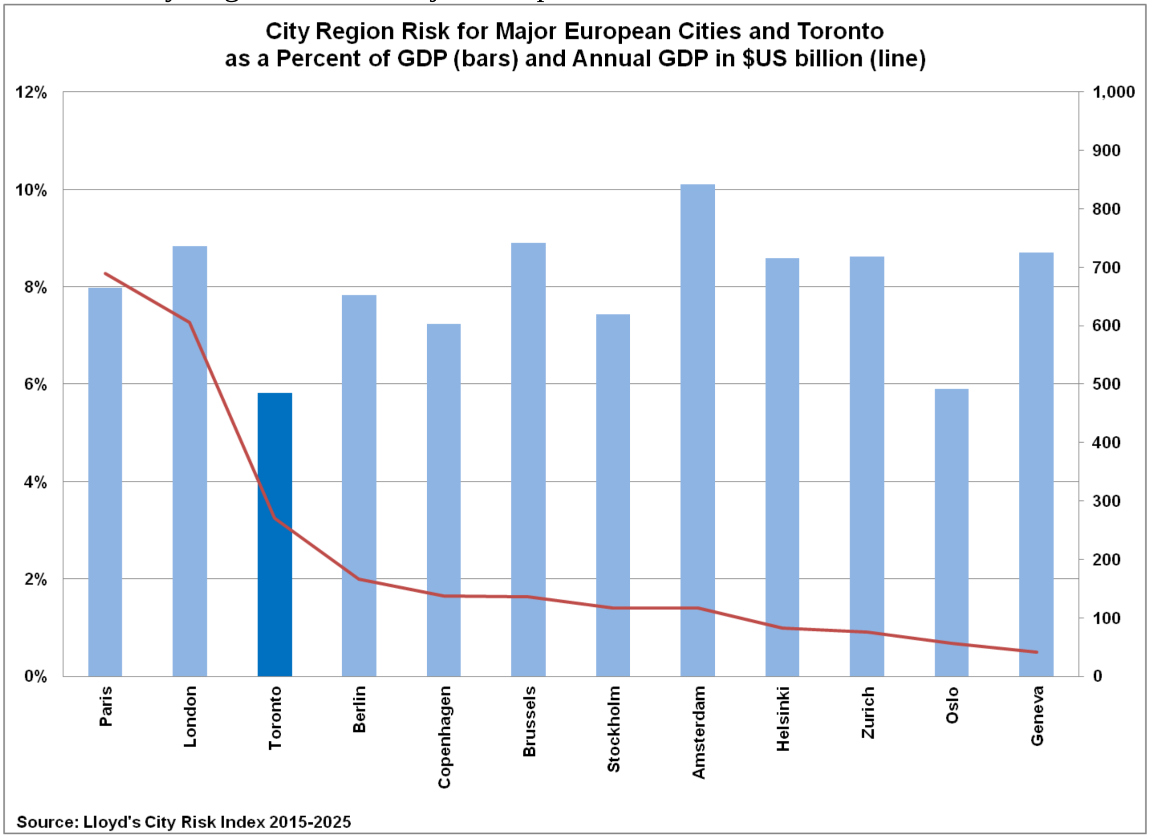


Chart 4 compares Toronto's level of risk with major European cities. Paris and London, which are significantly larger regions with higher GDP, both have risk exposure levels at least two percentage points higher than Toronto's.

Cities such as Zurich, Brussels, and Stockholm are all higher risk despite being much smaller (as measured by total GDP).

The city region with the next lowest risk exposure globally to Toronto is Oslo at 5.90%. Oslo, like Canadian cities, also benefits from limited exposure to oil price shocks due to Norway's role as a net oil exporter.

Chart 4: City Region Risk in Major European Cities and Toronto



In order to confirm the risk assessments made in Lloyd's City Risk Index 2015-2025, the Index's risk exposure levels were compared to Grosvenor's 2014 ranking of the world's most resilient cities. There are definite parallels – Toronto is ranked both least risky by Lloyd's and most resilient by Grosvenor's.
http://www.grosvenor.com/getattachment/194bb2f9-d778-4701-a0ed-5cb451044ab1/ResilientCitiesResearchReport.pdf

Though low risk and high resiliency are not equivalent concepts, they are closely related. Grosvenor formulated their resiliency ranking based partly on a vulnerability assessment that is quite comparable to Lloyd's risk assessment: Canadian cities are generally less vulnerable/at risk, Los Angeles and Houston are most vulnerable/at risk in North America, Asian cities are among the highest vulnerability/at risk.

Grosvenor's findings add credence to the conclusion that Toronto is the least risk-exposed city region in the world. This conclusion is also supported by an abundance of recent anecdotal evidence regarding the attractiveness of Toronto as a safe place for real estate investments.

The preceding charts show that, while the variations between Toronto and other Canadian cities are fairly small, the differences with most other major competitor city regions (including many that are substantially smaller than Toronto) are significant.

In a competitive global economy, all advantages are important. Toronto's low level of risk to a range of natural and manmade threats is an important distinguishing factor among global city regions, and represents yet another opportunity to showcase Toronto as a prime location for economic investment and development.

As urbanization continues to concentrate economic production in cities, the potential risk of catastrophic events in major city regions is an increasing concern. The technological and communication linkages of globalization in the 21st century mean that the impacts of a major event in one city can reverberate not only in its national economy, but also in related economies around the world. As a result, understanding and minimizing risk exposure play a key part in building the economic competitiveness of global city regions.

Labour Force

The most comprehensive and timely survey-based indicator that is available for the local economy in Toronto is arguably the Labour Force Survey (LFS). This monthly survey is collected by place of residence and is available for the City of Toronto and the Toronto region (CMA), as well as Ontario and Canada.

LFS data for September will be released on October 9, 2015, which is after the agenda deadline for the October 14th EDC meeting. The attached Economic Dashboard presentation will be updated on October 9th, and it will be distributed to committee members at the EDC meeting on October 14th.

Unfortunately, Statistics Canada substantially changed the methodology used to produce LFS population estimates for the city of Toronto at the beginning of 2015. These changes have resulted in large and inexplicable population swings. Between December 2014 and August 2015, the city of Toronto's estimated population aged 15+ fell by 314,000 people. These population changes are not real, and they have pulled down all of the absolute numbers (including total persons employed and unemployed). Rates, ratios, and the absolute numbers for the CMA, Ontario and Canada should be unaffected. However, the monthly change in the number of employed (or unemployed) city of Toronto residents is very misleading.

The seasonally adjusted monthly unemployment rate for city residents declined from 10.8% in July 2014 to 6.7% in July 2015. In August 2015, the seasonally adjusted monthly unemployment rate was 7.1% in the city of Toronto, lower than the "905" where it jumped to 7.4% in August from 6.0% in the previous month.

The seasonally adjusted monthly participation rate for city residents was 64.9% in August 2015, slightly lower than in July (65.1%), but higher than the low recorded in November 2014 (63.5%).

The seasonally adjusted monthly employment rate, which combines the participation rate and the unemployment rate for city of Toronto residents, has been declining since May 2015 (61.4%) and stands at 60.3% in August 2015.

Building Activity

According to Skyscraperpage.com, there were 133 high-rise and mid-rise buildings under construction in the city of Toronto on September 14, 2015, the same number as in September 2014, and Toronto remains ahead of all other North American cities for high and mid-rise building construction. Emporis, another data source, indicates that Toronto has slipped to second place in North America, after New York City, by the number of major buildings under construction.

Data from Skyscraperpage.com also allow a comparison of Toronto with other North American cities, by the size of buildings under construction. New York City has more 50+ storey buildings under construction than Toronto; however, Toronto has more buildings under 50 stories.

The total value of building permits issued in the city of Toronto in the first seven months of 2015 increased by 5.7% over same period in 2014. The July year-to-date increase in building permits issued in the city of Toronto was led by a jump in non-residential (63.8%) permits, whereas residential permits declined (-24.9%). The increase in non-residential permits was due to a 337.3% spike in institutional permits, which includes the $765 million building permit issued for the new Humber River Regional Hospital located at Keele Street and Highway 401. Industrial (54.1%) and commercial (6.6%) permits also rose compared to the same period in 2014.

In the first seven months of the year the value of building permits issued in "905" municipalities was 32.8% higher compared to same period of last year. The increase in the value of “905” building permits was led by a surge in residential permits (41.5%), while non-residential increased by 14.1% over same period of last year. In "905" municipalities, industrial and institutional building permits increased by 69.3% and 37.9% respectively; whereas "905"commercial permits decreased (-5.5%) compared to the same period of last year.

The building permit data in the attached presentation are three month averages, in order to smooth the monthly fluctuations in these data.

Office Market

According to Cushman & Wakefield, the office vacancy rate in the city of Toronto has declined from 6.5% in 2014q2 to 6.2% in 2015q2. At the same time, the vacancy rate in "905" municipalities increased from 11.0% to 12.1%. Overall, the Toronto region's vacancy rate increased slightly from 7.9% in 2014q2 to 8.0% in 2015q2.

Downtown office vacancy rates remain much lower than elsewhere in the city and the rest of the Toronto region. The Yonge Core and Toronto East office nodes within the city of Toronto also registered declines in vacancy rates over the last year, while the Toronto West vacancy rate increased from 6.1% to 7.4%.

Perhaps more important than the vacancy rate is the change in occupied office space, also known as "office absorption", as this indicator more directly measures the demand for office space.

In 2015q2, occupied office space increased by 1,354,806 sq ft over the same period of last year in the city of Toronto, while inventory grew at a slower pace (999,357 sq ft), which explains the decline in the vacancy rate.

Housing

In the first seven months of 2015, housing starts in the Toronto CMA are up by 12.4% (21,306 units) compared to the same period in 2014. While there has been a recent rebound in low rise starts, the high rise market still dominates regional housing starts. According to the Canadian Mortgage and Housing Corporation, "strong sales of pre-construction condominium apartments over the past two years will convert to more starts as the year progresses".

The increase in regional housing starts was driven by higher housing starts in Peel region (56.1%), Durham region (11.9%) and the city of Toronto (9.4%). In the city of Toronto, the increase in starts was largely due to a jump in starts in the former city of Toronto (9.6%), whereas North York registered a steep decline (-61.3%) over the same period in 2014. The vast majority (89.7%) of housing starts in the city of Toronto is in the high-rise sector.

Total housing completions in the city of Toronto in the first seven months of 2015 increased to 25,269 from 7,466 in same period of 2014. This substantially reduced the number of residential units under construction in the city of Toronto, from 48,665 in July 2014 to 33,840 in July 2015.

The strong increase in completions has also led to almost 800 more dwelling units in the city of Toronto that have been completed but not absorbed, from 992 units in July 2014 to 1,787 in July 2015.

For the period of January to July 2015, total pre-sales of new residential units in the GTA are up by 7.9% compared to the same period in 2014. RealNet data show that the slowdown in high-rise pre-sales (-6.6%) was offset by an increase in new low-rise units (24.5%).

High-rise pre-sales recovered in 2015q2, and are up 3.7% (6,108 units) compared to 2014q2 (5,888). Urbanation, which reported slightly higher sales for 2015q2 (6,297), describing the 2015q2 as "the third highest quarterly sales on record for the market".

Total pre-sales of new residential units in July 2015 in the city of Toronto were down by 14.6% compared to July 2014 according to RealNet data. The gap between the average prices of low rise new homes ($806,391) versus high-rise condominiums ($446,398) continues to grow.

Residential re-sale data for the city of Toronto continue to show strong growth in prices and incremental growth in the number of units sold. The average house price ($605,817) in the city of Toronto in August 2015 was 7.3% higher than a year ago and total units sold increased by 1.7% over August 2014. The increase in total sales over last year was driven by the condominium market (9.7%), whereas sales in the detached (-8.7%) and semi-detached (-6.1%) segments were lower, and townhouse resales were flat.

Retail Sales

Seasonally adjusted retail sales in the Toronto CMA increased by one percent, from $6.44 billion in June 2015 to $6.50 billion in July 2015. On a year-over-year basis, seasonally adjusted retail sales in July were 5.9% higher than in July 2014.

The largest increases in retail sales in the first seven month of 2015 compared to the same period a year ago were: used car dealers (21.6%), convenience stores (19.3%) and shoe stores (19.0%). New car dealers and auto parts also showed strong growth. On the other hand, there were declines in year-to-date retail sales in July 2015 compared to July 2014 in furniture stores, electronics stores and appliance stores.

CONCLUSION

The total output of goods and services produced in Canada declined in the first two quarters of 2015, meeting the technical definition of a mild recession. Slowing global growth also implies that commodities demand will remain weak in the near to medium term, which will continue to negatively impact the Canadian economy.

Though the Toronto economy has slowed, it is expected to outperform the national economy due to Toronto's lower exposure to the natural resource sector. A range of local economic indicators such as strong high rise construction, year-to-date housing starts, existing housing market sales and prices, as well as year-over-year retail sales also indicate that Toronto's economy is holding out well despite sluggishness in the national economy.

The findings of Lloyd's City Risk Index 2015-2025 suggest that, as the least risk-exposed city region in the world, Toronto is well-positioned to remain competitive and resilient as a global economic centre.

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ATTACHMENTS

Attachment: Economic Dashboard Presentation – September 2015